

**FUTURES THROUGH TRAINING, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2006**

## **C O N T E N T S**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Futures Through Training, Inc.

We have audited the accompanying statement of financial position of Futures Through Training, Inc. (A non-profit corporation) as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Futures Through Training, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2006, on our consideration of Futures Through Training, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Futures Through Training, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Wood Richards & Associates*

December 13, 2006

**FUTURES THROUGH TRAINING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2006**

**ASSETS**

Cash	\$ 69,725
Accounts receivable	103,335
Deposits	1,500
Property and equipment	98,385
Accumulated depreciation	<u>(90,624)</u>
<b>Total Assets</b>	<b><u>\$ 182,321</u></b>

**LIABILITIES**

Accounts payable	\$ 56,909
Wages payable and accrued expenses	27,859
Deferred revenue	<u>53,000</u>
<b>Total Liabilities</b>	<b><u>137,768</u></b>

**NET ASSETS**

Unrestricted	36,792
Temporarily restricted:	
Property and equipment	<u>7,761</u>
<b>Total Net Assets</b>	<b><u>44,553</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 182,321</u></b>

See accompanying notes to financial statements.

**FUTURES THROUGH TRAINING, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2006**

**CHANGES IN UNRESTRICTED NET ASSETS**

Revenue and support	
Federal and state grants	<u>\$ 1,642,075</u>
 Total Unrestricted Revenue and Support	 <u>1,642,075</u>
 Expenses	
Program services:	
Training programs and HEAT	<u>1,651,920</u>
 Total Expenses	 <u>1,651,920</u>
 Decrease in Unrestricted Net Assets	 (9,845)
 Net Assets at Beginning of Year	 <u>54,398</u>
 Net Assets at End of Year	 <u><u>\$ 44,553</u></u>

See accompanying notes to financial statements.

**FUTURES THROUGH TRAINING, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from:	
Grants and contracts	\$ 1,783,812
Cash paid to:	
Employees	(834,548)
Suppliers and contractors	<u>(872,611)</u>
Net cash from operating activities	<u>76,653</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payment on advance payable to related party	<u>(46,000)</u>
Net cash from financing activities	<u>(46,000)</u>
Net increase in cash	30,653
Cash, beginning of year	<u>39,072</u>
Cash, end of year	<u><u>\$ 69,725</u></u>

**RECONCILIATION OF INCREASE IN NET ASSETS TO NET**  
**CASH PROVIDED BY OPERATING ACTIVITIES:**

Decrease in net assets	\$ (9,845)
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**ADJUSTMENT TO RECONCILE INCREASE IN NET ASSETS**  
**TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Depreciation	6,850
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**Changes in operating assets and liabilities:**

Accounts receivable	88,737
Accounts payable	(50,110)
Wages payable and accrued expenses	(11,979)
Deferred revenue	<u>53,000</u>

Total adjustments	<u>86,498</u>
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Net cash from operating activities	<u><u>\$ 76,653</u></u>
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See accompanying notes to financial statements.

**FUTURES THROUGH TRAINING, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006**

**A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Futures Through Training, Inc. F.K.A. the Private Industry Council, Inc. was incorporated on January 1, 1986 for the purpose of furnishing organizational and operational management and program direction for projects designated to increase private sector employment and training opportunities within Weber, Morgan and Davis Counties.

**Basis of Accounting**

The Corporation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Property, Equipment and Depreciation**

Property and equipment are carried at cost. Expenditures for property and equipment are capitalized. Depreciation is provided using the straight-line method at rates based on estimated useful lives.

**Income Taxes**

Futures Through Training, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Futures Through Training, Inc. is also exempt from Utah franchise taxes, and therefore, has made no provision for federal or Utah income taxes.

**Uses of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**FUTURES THROUGH TRAINING, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006**

**B. CASH**

The Corporation's cash is categorized below to give an indication of the level of risk assumed by the Corporation at year end. At year end, the carrying amount of the Corporation's deposits was \$69,625 and the bank balance was \$94,182. The Corporation also maintains a petty cash fund of \$100.

	<u>Insured (FDIC)</u>	<u>Uninsured</u>	<u>Total Carrying Amount</u>
Cash in Bank	<u>\$ 69,625</u>	<u>\$ -</u>	<u>\$ 69,625</u>

**C. RESTRICTIONS ON NET ASSETS**

Temporarily restricted assets at June 30, 2006 are available for use by the Corporation's job training programs and new programs.

**D. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**E. PENSION PLANS**

During June of 1996 a 403-b plan was adopted. The Corporation was not required to make any contribution to the new plan. Nearly all employees are eligible to contribute to the 403-b plan.

**F. RELATED PARTY TRANSACTIONS**

In 2005, the Corporation received an advance of \$46,000 from Futures Through Choices, Inc. The advance was paid off in the 2006 year. Futures Through Choices is related to the Corporation by common management.



**Financial Statements**

**FUTURES THROUGH TRAINING, INC.**

**Government Auditing Standards, OMB Circular A-133**

**And Other Required Reports**

**June 30, 2006**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Futures Through Training, Inc.

We have audited the financial statements of Futures Through Training, Inc (a nonprofit corporation), as of and for the year ended June 30, 2006, and have issued our report thereon dated December 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Futures Through Training's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Futures Through Training's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

Board of Directors  
December 13, 2006  
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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Futures Through Training's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use of management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, Utah  
December 13, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Directors  
Futures Through Training, Inc.

**Compliance**

We have audited the compliance of Futures Through Training (a nonprofit corporation) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Futures Through Training's major federal programs are identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Futures Through Training's management. Our responsibility is to express an opinion on Futures Through Training's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Futures Through Training's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Futures Through Training's compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs, Futures Through Training did not comply with requirements regarding allowable costs that are applicable to its WIA Youth Activities. Compliance with such requirements is necessary, in our opinion, for Futures Through Training to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Futures Through Training complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

**Internal Control Over Compliance**

The management of Futures Through Training is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Futures Through Training's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Futures Through Training's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, others within the Corporation and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, Utah  
December 13, 2006

**FUTURES THROUGH TRAINING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b><u>Department of Labor</u></b>		
Direct program:		
Migrant and seasonal farm workers	17.264	\$ 271,896 *
WIA Youth Activities	17.259	<u>932,931 *</u>
Total Department of Labor		<u>1,204,827</u>
<b><u>Department of Health and Human Services</u></b>		
Low-income Home Energy Assistance	93.568	<u>440,243 *</u>
Total Department of Health and Human Services		<u>440,243</u>
Total Financial Assistance		<u><b>\$1,645,070</b></u>

\* Denotes a major program

**FUTURES THROUGH TRAINING, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2006**

**NOTE A -- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Futures Through Training and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**FUTURES THOUGH TRAINING, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2006**

**Section 1**

**Summary of Auditors' Results**

**Financial Statements**

- |   |                      |
|---|----------------------|
| 1. Type of auditor's report issued  | <u>Unqualified</u>   |
| 2. Internal control over financial reporting:                                 |                      |
| a. Material weaknesses identified?  | <u>No</u>            |
| b. Reportable conditions identified not considered to be material weaknesses? | <u>None reported</u> |
| c. Noncompliance material to the financial statements noted?                  | <u>No</u>            |

**Federal Awards**

- |  |                  |
|--|------------------|
| 1. Internal control over major program:  |                  |
| a. Material weaknesses identified?   | <u>No</u>        |
| b. Reportable conditions identified not considered to be material weaknesses?  | <u>Yes</u>       |
| 2. Type of auditors' report issued on compliance for major program:  | <u>Qualified</u> |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a) | <u>Yes</u>       |
| 4. Identification of major program:  |                  |

**CFDA Number**

17.264  
17.259  
93.568

**Name of Federal Program**

Migrant and Seasonal Farm Workers  
WIA Youth Activities  
Low-income Home Energy Assistance

- |   |                  |
|---|------------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs:       | <u>\$300,000</u> |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | <u>Yes</u>       |

**Section 2**

**Financial Statements Findings**

(None reported)



**FUTURES THOUGH TRAINING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006**

**Section 3**

**Federal Award Findings and Questioned Costs:**

**WIA Youth Activities – CFDA No. 17.259**

***Condition and Criteria:*** An expenditure issued by the Corporation did not go through adequate oversight to determine if it was allowable.

***Effect:*** An expenditure made by the Corporation was found to be unallowable according to the Department of Labor's compliance requirements for this program.

***Cause:*** The Corporation's employee overseeing the costs for the given individual did not monitor that particular expense sufficiently.

***Population and items tested:*** A sample of 60 checks was selected from a population totaling 3,810. A sample of expenditures of \$7,291.64 was selected from a population of \$932,931 in the WIA Youth Program and \$146.88 was found in noncompliance.

***Auditors' recommendations:*** The Corporation's employees overseeing these costs should apply additional oversight and authorization over the costs being expended in the WIA Program.

***Grantee's response:*** The Corporation agrees that additional oversight and authorization will be provided over the costs of the WIA Program.

**INDEPENDENT AUDITORS' REPORT**  
**STATE OF UTAH LEGAL COMPLIANCE**

Futures Through Training, Inc.  
Ogden, Utah

We have audited the financial statements of Futures Through Training, Inc., a nonprofit corporation, for the year ended June 30, 2006, and have issued our report thereon dated December 13, 2006. As part of our audit, we have audited Futures Through Training's compliance with the requirements of the provider contract determined to be a major State assistance program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. Futures Through Training received the following major assistance programs from the State of Utah:

WIA Youth Program

The management of Futures Through Training is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Futures Through Training's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Futures Through Training Inc. complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance program for the year ended June 30, 2006.

Wood Richards & Associates

December 13, 2006

**FUTURES THROUGH TRAINING, INC.**  
**RECONCILIATION TO STATE REPORTING METHOD**  
**TRAINING AND HEAT PROGRAMS**  
**YEAR ENDED JUNE 30, 2006**

	<b>Training Programs</b>	<b>Adjustments</b>	<b>Remove Depreciation</b>	<b>Reporting Method</b>
<b>Revenue:</b>				
Contracts and grants	<u>\$ 1,642,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,642,075</u>
Total revenue	<u>1,642,075</u>	<u>-</u>	<u>-</u>	<u>1,642,075</u>
<b>Expenditures:</b>				
Personnel services	876,184	-	-	876,184
Operating expenses	257,964	-	-	257,964
Direct program costs	510,922	-	-	510,922
Depreciation and amortization	<u>6,850</u>	<u>-</u>	<u>(6,850)</u>	<u>-</u>
Total expenditures	<u>1,651,920</u>	<u>-</u>	<u>(6,850)</u>	<u>1,645,070</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u><u>\$ (9,845)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,995)</u></u>

**FUTURES THROUGH TRAINING, INC.**  
**TRAINING AND HEAT REVENUES AND EXPENDITURES BY PROGRAM**  
**STATE REPORTING METHOD**  
**YEAR ENDED JUNE 30, 2006**

	<u>WIA Youth Program</u>	<u>Migrant Farm Workers</u>	<u>Heat Program</u>	<u>Misc.</u>	<u>Total</u>
<b>Revenues:</b>					
Grant revenue	\$ 926,755	\$271,896	\$440,243	\$ -	\$1,638,894
Miscellaneous	-	-	-	3,181	3,181
Total revenues	<u>926,755</u>	<u>271,896</u>	<u>440,243</u>	<u>3,181</u>	<u>1,642,075</u>
<b>Expenditures:</b>					
Personnel services	510,417	114,073	251,694	-	876,184
Operating expenses	138,913	55,076	63,975	-	257,964
Direct program costs	<u>283,601</u>	<u>102,747</u>	<u>124,574</u>	<u>-</u>	<u>510,922</u>
Total expenditures	<u>932,931</u>	<u>271,896</u>	<u>440,243</u>	<u>-</u>	<u>1,645,070</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,176)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,181</u>	<u>\$ (2,995)</u>